

**APPLICATION # CL1-00518-1**

**STAFF ANALYSIS**

**FEASIBILITY:**

Project Scope: (Project One) The project will renovate existing lease space (large leased facility) that was originally designed and outfitted for chemistry and toxicology studies. The space is leased until December 2019 with an option to renew for an additional eight years. The leased space currently houses their human embryo and embryonic stem cell research and teaching program. The total cost of renovation is \$20 million which provided space for the program prior to January 2006, and additional space scheduled for completion by September 2007. The proposed project would renovate an additional 2,500 square feet to accommodate another 16 researchers under their “hotel” concept. The project is Phase 2 of the proposal, however, it does not identify overall square footage except to provide an overall number on the budget table of 4,250 gross square feet (gsf) which can not be verified. Also, identified in a bullet is space for AV and video-conferencing equipment but the plan does not identify the number of square feet but references conference/seminar/classroom space. The scope of work includes demolition of offices and conference space to create the labs, tissue culture room with services, and an equipment room with emergency power.

(Project Two) A second project is included that would provide additional space (1,211 square feet) to serve as a satellite facility. The project cost is separated from Project One but the proposal outlines a very simple project which ranges from changing window blinds to adding emergency outlets for freezer capacity.

Project Management: The proposal identifies construction management processes that are in place at the institution with appropriate institutional management support. Project One will require a permit from the City.

**COST:**

The construction contract estimate for Project One and Two is \$830,390. Additional institutional based work amounts to \$32,080 for added cables for data and telephone, building monitoring systems, construction of a data closet, exterior signage, hazardous material handling [we assume this is an EH&S sign-off] and air balancing.

The overall cost per assignable square feet (asf) for the renovation work is \$266; however, as stated earlier in this analysis there is insufficient information provided to verify the square footage total used. Therefore, we propose to use the gross square footage (gsf) number provided, 4,250 gsf. Using this gross area, the cost per gsf is \$235/gsf. This provides a more meaningful comparison to new laboratory building construction costs. We conclude that the average cost for new laboratory construction

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would be about \$600/gsf, excluding land and site utilities. This amount would vary widely within California, but is being used here as an indicator of new construction value for comparative purposes. Based on this comparison, we conclude that the renovation work represents about 39 percent of the cost of new laboratory space. Our analysis indicates that costs should not exceed about 65 percent of new construction in order to be considered a reasonably good investment to provide new hESC laboratory space.

The applicant indicates that the existing available space and improved shared research laboratories would be able to accommodate the NIH-free laboratory space needs for 30 institutional-based Principal Investigators (PIs) in “hotel” space located at this site along with others from regional educational institutions. Based on the total cost for the shared laboratory, the cost per institutional-based PI is \$33,000. Based on CIRM funding only (construction and equipment) the cost per institutional-based PI is \$66,667.

The applicant did not address the institutions commitment to any cost overrun issues.

**TIMELINE:**

The project schedule indicates that preliminary plans began in July 2006 with working drawings completed and approved in September 2006. Occupancy would occur in November 2007 assuming a July 2007 award.

**INSTITUTIONAL COMMITMENT:**

The applicant indicates that \$20 million matching funds have been provided as the sole source of renovation expenses in the large (Project One) leased facility. In addition, the applicant provides for \$302,510 of funds for equipment purchase but does not identify the list of equipment that will be provided. Also, \$96,080 would be provided as construction contingency, if needed.

**HISTORICAL PERFORMANCE:**

Data for three projects undertaken from 2004 to 2007 ranging in cost from \$1,000,000 to \$3,000,000 were submitted as information on historical performance. The actual completion dates for the projects ranged from one to two months of the original scheduled completion. The number of change orders ranged from 10 to 40 for the three projects.

The applicant indicates that there has been sixteen renovation project undertaken in the last two years in the range of \$1 million to \$5 million, with a total value of \$40 million.

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### **RESPONSIVENESS:**

Shared Laboratory: The applicant indicates that the large leased facility accommodates 8-10 faculty and the additional space could accommodate another 16 researchers on a “hotel” basis. Two recharge systems are proposed in the “institutional commitment” section which will allow for regional users from other educational institutions in the area.

Techniques Course: The applicant has requested funding under Part 1 for operation of a shared research laboratory and a techniques course. The Part 2 application requests no additional square footage for the Techniques Course. The applicant is requesting \$500,000 for additional equipment. However, the applicant does not identify the matching funds appropriately as shown on the Section C.3 table.

### **Facilities Working Group Issues**

- How will the FWG allocate construction funds for construction when 10% of the match is from equipment purchases and 10% of the match is in the construction contingency? However, the proposed projects are part of a larger facility, 40,000 sf, which is completely dedicated to stem cell research and education. This lab facility provides space for 8-10 faculty and 75-100 postdoctoral fellows and students.
- How will the FWG resolve the request for CIRM funding to reimburse design costs of \$60,410 which was spent in July and August of 2006. The RFA provides for funds spent after January 2005, but prior to approval, to be used as a match only.
- How will the FWG resolve the issue of no matching funds for the requested \$500,000 for the Techniques Course?

The grant management office will need to confirm that all conditions of the grant as indicated in the Grants Administration Policy have been met. This would include confirming that all past work is consistent with grant requirements for prevailing wage and other construction-related requirements. This includes confirmation that equipment funds are budgeted pursuant the Grants Administration Policy as adopted December 7, 2006.